DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 9 8 — 2 1
2. STATE: Missouri
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
10/30/98

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR

7. FEDERAL BUDGET IMPACT:
a. FFY 99 $ 0
b. FFY 2000 $ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Att. 4-19D, p. 7-14

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
SPA 97-14, Att. 4-19D, p. 7-14

10. SUBJECT OF AMENDMENT:

This State Plan Amendment clarifies the definition of the average private pay rate.

11. GOVERNOR'S REVIEW *(Check One)*:

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Gary J. Stangler

14. TITLE:
Director

15. DATE SUBMITTED:
12-18-98

16. RETURN TO:

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
12/23/98

18. DATE APPROVED:
JUN 06 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
10/30/98

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Thomas W. Lenz

22. TITLE:
ARA for Medicaid & State Operations

23. REMARKS:

SPA CONTROL:
Date Submitted: 12/21/98
Date Received: 12/23/98

FORM HCFA-179 (07-92)

Instructions on Back

(E) Ancillary. This cost component includes the following lines from the cost report version MSIR-1 (7-93): lines 62-75, 87-95, 97-103, 145-146.

(F) Asset Value. The asset value of $32,330 per bed is used in calculating the Fair Rental Value System. The asset value consists of a bed cost and a land cost. The bed cost was based upon the national average cost of a nursing facility bed, without land cost, adjusted for the city index for Kansas City and St. Louis utilizing the 1994 R.S. Means Building Construction Cost Data. The land value was based upon a study of land costs for nurisng facilties being approved for construction by the Certficate of Need program in Missouri.

(G) Average Private Pay Rate. The usual and customary charge for private patient determined by dividing total private patient days of care into private patient revenue net of contractual allowances and bad debt expense for the same service that is included in the Medicaid reimbursement rate. This excludes negotiated payment methodologies with State or Federal agencies such as the Veteran's Administration or the Missouri Department of Mental Health. Bad debts, charity care and other miscellaneous discounts are excluded in the computation of the average private pay rate.

(H) Bad debt. The difference between the amount expected to be received and th amount actually received. This amount may be written off a uncollectible after all collection efforts are exhausted. Collection efforts must be documented and an aged accounts receivable schedule should be kept. Written procedures should be maintained detailing how, when and by whom a receivable may be written off as a bad debt.

(I) Capital. This cost component will be calculated using a Fair Rental Value System. The fair rental value is reimbursed in lieu of the costs reported on lines 106-112 of the cost report version MSIR-1 (7-93) except for amortization of organizational costs.

(J) Capital Asset. A facility's building, building equipment, major moveable equipment, minor equipment, land, land improvements, and leasehold improvements as defined in HIM-15. Motor vehicles are excluded from this definition.

(K) Capital Asset Debt. The debt related to the capital assets as determined from the desk audited and/or field audited cost report.

(L) Ceiling. The ceiling is determined by applying a percentage to the median per diem for the patient care, ancillary and administration cost components. The percentage is 120% for patient care, 120% for ancillary and 110% for administration.

(M) Certified Bed. Any nursing facility or hospital based bed that is certified by the Division of Aging or Department of Health to participate in the Medicaid Program.

(N) Change of Ownership. A change in ownership, control, operator or leasehold interest, for any facility certified for participation in the Medicaid Program.

(O) Charity care. Offset to gross billed charges to reduce charges for free services provided to specific types of residents; i.e., charity care provided to meet Hill Burton Fund obligations or care provided by a religious organization for members, etc.

(P) Contractual allowance. A contra revenue account to reduce gross charges to the amount expected to be received. Contractual allowances represent the difference between the private pay rate and a contracted rate which the facility contracted with an outside party for full payment of services rendered (i.e., Medicaid, Medicare, managed care organizations, etc.). No efforts are made to collect the difference.

(Q) Cost Components. The groupings of allowable costs used to calculate a facility's per diem rate. They are patient care, ancillary, capital and administration. In addition, a working capital allowance is provided.

(R) Cost Report. The Financial and Statistical Report for Nursing Facilities, required attachments as specified in paragraph (10)(A)8. of this plan and all worksheets supplied by the Division for this purpose. The cost report shall detail the cost of rendering both covered and non-covered services for the fiscal reporting period in accordance with this plan, cost report instruction and on forms or diskettes provided by and/or as approved by the Division.

(S) Databank. The data from the desk audited and/or field audited 1992 cost report excluding hospital based, state operated and pediatric nursing facilities. This data is adjusted for the HCFA Market Basket Index for 1993 of 3.9%, 1994 of 3.4% and nine months of 1995 of 3.3%, for a total adjustment of 10.6%. If a facility has more than one cost report with periods ending in calendar year 1992, the cost report covering a full twelve (12) month period ending in calendar year 1992 will be used. If none of the cost reports cover a full twelve (12) months, the cost report with the latest period ending in calendar year 1992 will be used. Any changes to the desk audited and/or field audited 1992 cost reports made after the effective date of this plan will not be included in the data bank.

(T) Department. The Department, unless otherwise specified, refers to the Missouri Department of Social Services.

(U) Desk Audit. The Division of Medical Services' or its authorized agent's audit of a provider's cost report without a field audit.

(V) Director. The Director, unless otherwise specified, refers to the Director, Missouri Department of Social Services.

(W) Division of Aging. The Division of the Department of Social Services responsible for survey, certification and licensure as prescribed in Chapter 198 RSMo.

(X) Division. Unless otherwise specified, Division refers to the Division of Medical Services, the Division of the Department of Social Services charged with administration of Missouri's Medical Assistance (Medicaid) Program.

(Y) Entity. Any natural person, corporation, business, partnership or any other fiduciary unit.

(Z) Facility Asset Value. Total asset value less adjustment for age of beds.

(AA) Facility Fiscal Year. A facility's twelve (12) month fiscal reporting period covering the same twelve (12) month period as its federal tax year.

(BB) Facility Size. The number of licensed nursing facility beds as determined from the desk audited and/or field audited cost report.

(CC) Fair Rental Value System. The methodology used to calculate the reimbursement of capital.

(DD) Field Audit. An on-site audit of the nursing facility's records performed by the Department or its authorized agent.

(EE) Generally Accepted Accounting Principles (GAAP). Accounting conventions, practices, methods, rules and procedures necessary to describe accepted accounting practice at a particular time as established by the authoritative body establishing such principles.

(FF) HCFA Market Basket Index. An index showing nursing home market basket indexes. The index is published quarterly by DRI/McGraw Hill. The table used in this plan is titled "DRI Health Care Cost - National Forecasts, HFCA Nursing Home without Capital Market Basket."

(GG) Hospital Based. Any nursing facility bed licensed and certified by the Department of Health.

(HH) Interim Rate. The interim rate is the sum of 100% of the patient care cost component ceiling, 90% of the ancillary and administration cost component ceilings, 95% of the median per diem for the capital cost component, and the working capital allowance using the interim rate cost component. The median per diem for capital will be determined from the capital component per diems of providers with prospective rates in effect on January 1, 1995.

(II) Licensed Bed. Any Skilled Nursing Facility or Intermediate Care Facility bed meeting the licensing requirement of the Division of Aging or the Missouri Department of Health.

(JJ) Median. The median cost is the middle value in a distribution, above and below which lie an equal number of values. This distribution is based on the databank.

(KK) Miscellaneous discounts / other revenue deductions. A contra revenue account to reduce gross charges to the amount expected to be received. These deductions represent other miscellaneous discounts not specifically defined as a bad debt. Written policies must be maintained detailing the circumstances under which the discounts are available and must be uniformly applied.

(LL) Nursing Facility (NF). Effective October 1, 1990, Skilled Nursing Facilities, Skilled Nursing Facilities/Intermediate Care Facilities and Intermediate Care Facilities as defined in Chapter 198 RSMo participating in the Medicaid Program will all be subject to the minimum Federal requirements found in section 1919 of the Social Security Act.

(MM) Occupancy Rate. A facility's total actual patient days divided by the total bed days for the same period as determined from the desk audited and/or field audited cost report. For a distinct part facility that completes a worksheet one (1) of cost report, version MSIR (7-93), determine the occupancy rate from the total actual patient days from the certified portion of the facility divided by the total bed days from the certified portion for the same period, as determined from the desk audited and/or field audited cost report.

(NN) Patient Care. This cost component includes the following lines from the cost report version MSIR-1 (7-93): lines 45-60,77-85.

(OO) Patient Day. The period of service rendered to a patient between the census-taking hour on two (2) consecutive days. Census shall be taken in all facilities at midnight each day and a census log maintained in each facility for documentation purposes. "Patient day" includes the allowable temporary leave-of-absence days per subsection (5)(D) and hospital leave days per subsection (5)(M). The day of discharge is not a patient day for reimbursement unless it is also the day of admission.

(PP) Per Diem. The daily rate calculated using this plan's cost components and used in the determination of a facility's prospective and/or interim rate.

(QQ) Provider or Facility. A nursing facility with a valid Medicaid participation agreement with the Department of Social Services for the purpose of providing nursing facility services to Title XIX eligible recipients.

(RR) Prospective Rate. The rate determined from the rate setting cost report.

(SS) Rate Setting Period. The full twelve (12) month period in which a facility's prospective rate is determined. The rate setting period for a facility is determined from applicable plans on or after July 1, 1990.

(TT) Reimbursement Rate. A prospective or interim rate.

(UU) Related Parties. Parties are related when any one (1) of the following circumstances apply:

1. An entity where, through its activities, one (1) entity's transactions are for the benefit of the other and such benefits exceed those which are usual and customary in such dealings.

2. An entity has an ownership or controlling interest in another entity; and the entity, or one (1) or more relatives of the entity, has an ownership or controlling interest in the other entity. For the purposes of this paragraph, ownership or controlling interest does not include a bank, savings bank, trust company, building and loan association, savings and loan association, credit union, industrial loan and thrift company, investment banking firm or insurance company unless the entity directly, or through a subsidiary, operates a facility.

3. As used in this plan, the following terms mean:

A. Indirect ownership/interest means an ownership interest in an entity that has an ownership interest in another entity. This term includes an ownership interest in any entity that has an indirect ownership interest in an entity;

B. Ownership interest means the possession of equity in the capital, in the stock, or in the profits of an entity. Ownership or controlling interest is when an entity:

(I) Has an ownership interest totalling five percent (5%) or more in an entity;

(II) Has an indirect ownership interest equal to five percent (5%) or more in an entity. The amount of indirect ownership interest is determined by multiplying the percentages of ownership in each entity;

(III) Has a combination of direct and indirect ownership interest equal to five percent (5%) or more in an entity;

(IV) Owns an interest of five percent (5%) or more in any mortgage, deed of trust, note, or other obligation secured by an entity if that interest equals at least five percent (5%) of the value of the property or assets of the entity. The percentage of ownership resulting from these obligations is deter-mined by multiplying the percentage of interest owned in the obligation by the percentage of the entity's assets used to secure the obligation;

(V) Is an officer or director of an entity; or

(VI) Is a partner in an entity that is organized as a partnership.

C. Relative means person related by blood, adoption or marriage to the fourth degree of consanguinity.

(VV) Replacement Beds. Newly constructed beds never certified for Medicaid or previously licensed by the Division of Aging or the Department of Health and put in service in place of existing Medicaid beds. The number of replacement beds being certified for Medicaid shall not exceed the number of beds being replaced.

(WW) Renovations/Major Improvements. Capital cost incurred for improving a facility excluding replacement beds and additional beds.

(XX) Restricted Funds. Funds, cash, cash equivalents or marketable securities, including grants, gifts, taxes and income from endowments which must only be used for a specific purpose designated by the donor.

(YY) Total Facility Size. Facility size plus increases minus decreases of licensed nursing facility beds plus calculated bed equivalents for renovations/major improvements.

(ZZ) Unrestricted Funds. Funds, cash, cash equivalents or marketable securities, including grants, gifts, taxes and income from endowments, that are given to a provider without restriction by the donor as to their use.

(5) Covered Supplies, Items and Services. All supplies, items and services covered in the reimbursement rate must be provided to the resident as necessary. Supplies and services which would otherwise be covered in a reimbursement rate but which are also billable to the Title XVIII Medicare Program must be billed to that program for facilities participating in the Title XVIII Medicare Program. Covered supplies, items and services include, but are not limited to, the following:

(A) Services, items and covered supplies required by federal or state law or plan which must be provided by nursing facilities participating in the Title XIX Program;